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March 11, 2016

Senator Fred Thomas
Chairman, Revenue and Transportation Interim Committee

Dear Senator Thomas,

I understand there was a question at yesterday's RATIC Committee regarding a perceived delay in payment of production taxes on oil and gas production. The law as presently written gives an oil and gas operator 60 days from the end of the calendar quarter to submit tax payments. The 60 day window allows the operator to account for oil or gas sale payments to reach the operator which normally runs a minimum of 30 days, occasionally a little longer from the last sale day of the month. Additional time is also needed for accounting to handle such things as division orders, lease reconciliation, and other accounting issues. All of these processes require time making even the 60 days a somewhat tight schedule to meet.

Please let me know if you have any additional questions.

Thanks,

Alan Olson
Executive Director